

STATE OF TENNESSEE  
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF:	)
	)
NEW CENTURY CREDIT	)
CORPORATION	)
	)
NEW CENTURY MORTGAGE	)
CORPORATION	)
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NEW CENTURY MORTGAGE	)
VENTURES, LLC	)
	)
HOME123 CORPORATION	)

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EMERGENCY CEASE AND DESIST ORDER

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The Commissioner of the Tennessee Department of Financial Institutions (the “Commissioner”), having determined that he has reason to believe that New Century Credit Corporation, New Century Mortgage Corporation, New Century Mortgage Ventures, LLC, and Home123 Corporation (hereinafter referred to collectively as the “Respondents”) have violated and are violating the Tennessee Residential Lending, Brokerage and Servicing Act of 1988, Tenn. Code Ann. §§ 45-13-101, *et seq.* (the “Act”), and that circumstances warrant immediate action, hereby issues the following EMERGENCY CEASE AND DESIST ORDER pursuant to Tenn. Code Ann. §§ 45-1-107(a)(4) and (c), and Tenn. Code Ann. § 45-13-116.

JURISDICTION AND IDENTIFICATION OF THE PARTIES

1. Pursuant to Tenn. Code Ann. § 45-1-104, the Tennessee Department of Financial Institutions (the “Department”) is charged with the execution of all laws

relative to persons doing or engaged in a banking or other business as provided in Title 45 of the Tennessee Code.

2. Tenn. Code Ann. § 45-1-107(a)(4) provides that, in addition to other powers conferred by Title 45 of the Tennessee Code, the Commissioner has the power to order any person to cease violating a provision of Title 45 of the Tennessee Code or lawful regulation issued thereunder, and Tenn. Code Ann. § 45-13-116 provides that if, after notice and opportunity for a hearing, the Commissioner finds that a person has violated the Act or administrative rule issued pursuant to the Act, the Commissioner may take any or all of certain actions, one of which is to order the person to cease and desist violating the Act or any administrative rule issued pursuant to the Act.

3. Under Tenn. Code Ann. §§ 45-1-107(c), notice and opportunity for a hearing shall be provided in advance of the Commissioner issuing such an order, except that in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take such action but shall promptly afford a subsequent hearing upon application to rescind the action taken.

4. New Century Credit Corporation ("New Century Credit") is a California for-profit corporation, authorized to do business in Tennessee, with its principal office located at 18400 Von Karman, Suite 1000, Irvine, California , and its registered agent is C. T. Corporation System, 800 South Gay Street, Suite 2021, Knoxville, Tennessee 37929-9710. New Century Credit is currently a registrant with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration number 1526.

5. New Century Mortgage Corporation (“New Century Mortgage”) is a California for-profit corporation, authorized to do business in Tennessee, with its principal office located at 18400 Von Karman, Suite 1000, Irvine, California, and its registered agent is C. T. Corporation System, 800 South Gay Street, Suite 2021, Knoxville, Tennessee 37929-9710. New Century Mortgage is currently a registrant with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration number 828.

6. New Century Mortgage Ventures, LLC (“New Century Ventures”) is a Delaware for-profit limited liability company authorized to do business in Tennessee, with its principal office located at 210 Commerce, Suite 100, Irvine, California 92602, and its registered agent is C. T. Corporation System, 800 South Gay Street, Suite 2021, Knoxville, Tennessee 37929-9710. New Century Ventures is currently registered with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration number 2977.

7. Home123 Corporation (“Home123”) is a California for-profit corporation, authorized to do business in Tennessee, with principal office located at 3351 Michelson Drive, Suite 400, Irvine, California 92612, and its registered agent is C. T. Corporation System, 800 South Gay Street, Suite 2021, Knoxville, Tennessee 37929-9710. Home123 is currently registered with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration number 1413.

8. On information and belief, the Respondents are all affiliated through common ownership and/or common officers and/or directors.

### FACTUAL ALLEGATIONS

9. The factual allegations contained herein are based upon information that the Department has learned and gathered through media reports, public filings by at least one of the Respondents, communications with at least one of the Respondents, and examination of the records of at least two of the Respondents.

10. As of March 14, 2007, New Century Mortgage and Home123 had a combined total of approximately 73 mortgage loans involving Tennessee consumers and/or Tennessee residential real property in some stage of processing (so-called loans in the “pipeline”). On information and belief, five (5) of those loans had been closed, but remain unfunded.

11. Neither New Century Mortgage nor Home123 has the ability, at present or in the foreseeable future, to fund any of the loans in the pipeline, including any of the loans that have closed.

12. New Century and Home123 continued to accept mortgage loans for processing when they knew or should have known that they would be unable to close and fund the loans.

13. Pursuant to a conference call with officers of New Century Mortgage on March 14, 2007, New Century Mortgage has admitted that it is unable to fund any mortgage loans at this time.

14. Tenn. Code Ann. § 45-13-108 provides that the Commissioner may suspend or revoke any license or registration issued under the Act if the Commissioner finds that

the licensee or registrant is guilty of any of certain enumerated acts, each of which thus constitutes a violation of the Act.

15. Pursuant to Tenn. Code Ann. § 45-13-108(2), conduct of a manner which would warrant the denial of an application for a license or registration is a violation of the Act, and Tenn. Code Ann. § 45-13-105(a) provides, among other things, that in order for an applicant to qualify for a license or registration under the Act, the Commissioner must find that the applicant has the financial responsibility to warrant the belief that the business of the applicant will be operated lawfully and within the purposes of the Act. The factual allegations demonstrate that, at least with respect to New Century Mortgage and Home123, the required financial responsibility is lacking.

16. Pursuant to Tenn. Code Ann. § 45-13-108(a), failure to disburse funds in accordance with a written agreement is a violation of the Act. The failure of New Century Mortgage and Home123 to have funded the closed loans is thus a violation of the Act.

17. The likelihood exists that persons dealing with the Respondents may suffer irreparable harm, in that the Respondents do not have the current ability to fund any mortgage loans; therefore, these extraordinary circumstances require immediate action by the Department.

#### EMERGENCY ORDER

Having considered the factual allegations, the Commissioner has determined that the Respondents have violated and are violating the Act, and that circumstances warrant immediate action.

IT IS HEREBY ORDERED that each of the Respondents shall immediately cease and desist from engaging in business as a mortgage lender or mortgage loan broker with respect to any Tennessee consumers and/or residential real property located in Tennessee, except as expressly provided herein, until such time as any of the Respondents is able to satisfactorily demonstrate to the Commissioner that it is able to engage in business lawfully and within the purposes of the Act.

IT IS HEREBY FURTHER ORDERED that each of the Respondents shall fully comply with all of the obligations to each consumer who has a mortgage loan currently pending, approved, or closed but not funded, with any of the Respondents.

The provisions of this ORDER shall remain in full force and effect unless and until such time as any provision shall have been modified, terminated, suspended or set aside by the Commissioner, an administrative judge or any court having jurisdiction over the matters addressed herein.


#### RIGHTS OF THE RESPONDENTS

The Respondents have the right to a hearing for the purpose of contesting and obtaining rescission of this ORDER. If a separate hearing is timely requested by the Respondents, any such hearing shall be conducted in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and Chapter 0180-6 of the Rules of the Department.

In order to request a hearing, the Respondents must file a written request within twenty (20) days from receipt of this ORDER. If no such written request is timely filed, then this EMERGENCY CEASE AND DESIST ORDER will be deemed final for all

purposes. Any written request for a hearing must be filed with the Commissioner, Tennessee Department of Financial Institutions, Nashville City Center, 511 Union Street, 4<sup>th</sup> Floor, Nashville, TN 37219.

ISSUED this 15<sup>th</sup> day of March, 2007.

  
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Greg Gonzales, Commissioner  
Tenn. Dept. of Financial Institutions